

STAFFORD COUNTY SCHOOL BOARD

Agenda Consideration

TOPIC: Monthly Financial Report
August 31, 2006

ITEM NO.: 10B

PREPARED BY: Wayne Carruthers, CPA
Assistant Superintendent
for Financial Services

MEETING: September 26, 2006
ACTION DATE: Information Only

Gladys Gomez, CPA
Director of Finance and Accounting

Patty Sullivan
Director of Budget and Grants

ACTION REQUESTED BY THE SUPERINTENDENT: For information only—no School Board action is required.

KEY POINTS:

Attached herewith is the financial report for August 31, 2006. The Finance Department in conjunction with County Finance continues the development of a monthly report for the School Board. There are a number of considerations when viewing the operating results and are as follows:

- **Draft** – The attached draft Monthly Financial Report has been developed with the assistance of County Finance. This report is for the Operating Fund only and in draft form represents operations and grants. Please note that some items need to be refined, such as the percentage spent calculation for salaries in the Statement of Expenditures. Also, some budgeted line items need to be aligned with reporting standards. The totals for budget represent what the School Board approved, while some differences in actual reporting are being worked on with County Finance. In summary, we are much closer to the desired monthly reporting for the School Board and school administration but, keep in mind this is still in draft form.
- **Revenue** – Good news, Finance implemented a change with the County Treasurer's Office in that Stafford County Public Schools (SCPS) starting July 1, 2006, posting revenue to its ledger when received. This reduced required communications, improved the timeliness of posting and reporting, and placed posting responsibility with SCPS Finance in its own ledger. Therefore, revenue will be current in all monthly reports for FY 2007.

- **Payroll posting** – currently employees are paid once a month on the first of the month for the prior month. For SCPS this is an expense of the prior month but, as the finance system is currently configured the expense appears in the financials of the payment month. Therefore, expenditures are reported on a one month lag. Finance is currently exploring solutions so the payroll can be reported the last day of the month and therefore be reported in the month of expense. Any solution will have to address tax reporting, financial reporting, year-end and month-end processes, and system capabilities. Expenditures will be understated by the aforementioned amounts until a change can be implemented.
- **Re-appropriated purchase orders (POs)** – until purchase orders (encumbrances for prior year commitments) are re-appropriated by the Board of Supervisors, these amounts will have a negative impact on the encumbrance column. The system does not carry an encumbrance amount until the action is taken by the Board of Supervisors, though disbursements are made to vendors. These POs represent contracts which must be honored via the payment process for goods and services rendered. To change this would involve a process change in the way County does business.
- **Grants** – At present grants are carried in the operating fund and have different year ends than June 30th. Given this, grants generate special revenue to be spent as directed by the grantor for specific purposes and most often require a match by SCPS. In the Comprehensive Annual Financial Report grants should be reported as a special revenue fund rather than as a governmental fund (combined with the operating fund). In the general ledger grants should be accounted for and reported as a separate fund. Therefore, please be cognizant that grants are included in the monthly financial report. Finance will work toward the goal of separating grants into a separate fund for the FY 2008 budget.
- **Transfers between funds** – Both the Health Benefits and Workers Compensation Funds are internal service funds which supply these self-insured benefits to other funds and require funding from the Operating Fund. Finance is presently working on recording and reporting methods that will meet the needs of regulatory, financial and management reporting with current system constraints.

SCHOOL BOARD GOAL 4: Address the impact of continuing population growth by developing plans to address expanding staff, facilities, transportation, attendance zones, and instruction.

SCHOOL BOARD GOAL 8: Provide School Board leadership in advocating for adequate funding in support of Stafford County Public Schools.

FUNDING SOURCE: Stafford County Public Schools Operating Fund

AUTHORIZATION REFERENCE: School Board Policy 4-40; Code of Virginia § 22.1-115